



## **Department of Revenue**

### **Sales and Use Tax Division**

1800 Century Center Boulevard, N.E. Ste. 8214  
Atlanta, Georgia 30345-3205  
Telephone: (404) 417-6601

Bart L. Graham  
Commissioner

Phillip M. Embry  
Director

September 10, 2003

### **Prepaid State Tax on Motor Fuel Effective: January 2004**

Dear Motor Fuel Dealer:

The 2003 General Assembly, through House Bill 43 (Act 343), changed the method of collecting and remitting the 3% Second Motor Fuel Tax and the 1% State Sales and Use Tax on sales or use of motor fuel. Effective January 1, 2004, all licensed motor fuel distributors in the State of Georgia will begin collecting a Prepaid State Tax on all motor fuel sold to your company.

The Prepaid State Tax combines the three percent Second Motor Fuel and one percent State tax on motor fuel sales. This tax will be prepaid to your supplier and you will no longer be responsible for reporting or remitting this tax on your sales and use tax return. This new method of collecting the two taxes will be based upon an indexed retail sales price converted to a cent per gallon rate. The local sales taxes on motor fuel will continue to be collected at the time of the sale to your customer and reported on your sales and use tax return.

This will result in the following law changes to the collection and reporting requirements of taxes on sales of motor fuel for your company:

- The tax collection and reporting for these two taxes will shift from your company to your supplier. That company will collect these taxes as a prepaid state tax at the time of sale to your business.
- The estimated tax requirement for dealers primarily selling motor fuel will be eliminated effective with the January, 2004 return. Those qualifying dealers will be allowed to use their previously paid estimated tax to pay all other tax liabilities due on their January 2004 return.
- The Sales and Use Tax report form will be revised to shade or remove the lines used to report the three percent Second Motor Fuel and the one percent State taxes on sales of motor fuel.
- Your company will be required to make a one-time report and remittance for the Prepaid State Tax on the motor fuel in your tanks as of close of business on December 31, 2003. A special report form will be sent to your company to declare the floor stock and make the remittance of the Prepaid State Tax directly to the Sales Tax Division on such fuel.

It should be emphasized that this change will not affect the current method used by your company to collect, report and remit local county sales taxes on sales of motor fuel. Local county sales and use taxes will continue to be collected by the retail dealer and reported on the sales and use tax return (Form ST-3).

The Georgia Department of Revenue in conjunction with the Georgia Oilmen's Association and the Georgia Association of Convenience Stores will be conducting training seminars throughout the State later this fall to educate distributors and retail dealers on how to properly implement the law change for motor fuel sales. This will include the changes to the sales and use tax report forms and the reporting of motor fuel on hand as of December 31, 2003. Notices will be sent to all registered motor fuel distributors and retail dealers advising you of the seminar dates, times and locations.

Please distribute this memorandum to all appropriate personnel and other dealer locations throughout your company in order to assist in facilitating the implementation of the Prepaid State Tax.

If you have any questions regarding the requirements of the prepaid state tax law, you may contact the Motor Fuel Tax Unit at (404) 417-6710 or the Sales and Use Tax Unit at (404) 417-6601.

Sincerely,

Jon C. Galbraith  
Administrative Specialist, Sr.

cc: Bart L. Graham, Commissioner  
Phillip M. Embry, Director, Sales Tax Division  
Roger Lane, Executive Director, Georgia Oilmen's Association  
Jim Tudor, President, Georgia Association of Convenience Stores